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OGC REVIEW COMPLETED

2 February 1955

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MEMORANDUM FOR: Mr. [REDACTED]

SUBJECT : Reimbursement Practices.

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[REDACTED] Ed Saunders is in New York today and I have not had a chance to discuss the [REDACTED] study with him; I will do so, however, tomorrow just before our meeting. Larry Houston and I have discussed it and I am attaching hereto a copy of his suggested rewording of your Alternative No. 3. In the interest of saving time at our meeting tomorrow morning, I thought that I might also jot down for the consideration of those to be present the gist of the discussion which Larry and I had.

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Since we talked I have also obtained copies of the Director's 23 September letter to [REDACTED] and Bob Amory's 11 August memorandum to the Director which I do not recall having seen before. I note that according to the Director's letter to [REDACTED] we are required to re-examine the method of [REDACTED] while Bob's memorandum really proposes to tackle the question of central budgeting which we certainly have no objection to doing.

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Aside from the suggested rewrite of Alternative No. 3, I think that Larry and I would generally agree with the conclusions as you have rewritten them with the probable exception of paragraph 11. The practical ef-

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I also believe that we would want to revise the wording of the recommendations in paragraph 11. It does seem to me, however, that what we are talking about is really "central budgeting" or "central programming", rather than just "reimbursement." I am convinced, as a result of my experiences with the comparatively simple problem of obtaining budget information on the

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It does seem to me that if we feel that we must tackle this problem rather than to attempt to obtain control through a budget system we should, first establish the fact that either certain Departments are not carrying out their assigned functions because of lack of appropriations or that there is unnecessary duplication of effort because of a lack of control over appropriations.

The big weakness in the [] as I see it, is that no-
where do we establish the fact that an unsatisfactory situation exists at this time, and if we could establish that fact could we attribute it to lack of appropriations or unnecessary duplication? I honestly believe that this is the approach that should be taken. In any case, I think that it will be useful to have our meeting, after which Larry Houston, Ed Saunders, and I will be glad to attempt to draft an alternative statement of the problem, etc. if you desire.

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L. K. White

cc: Mr. Kirkpatrick
Mr. Amory
✓ Mr. Houston
Mr. Saunders